

EXHIBIT

DATE

1-26-07

HB

DP 20909

Re: 20020

January 8, 2007

Representative Edith Clark, Chair
Appropriations Subcommittee
Public Health and Human Services
State Capitol Building
Helena, MT 59620

Dear Madam Chair:

I am enclosing a list of technical budget adjustments, which have occurred subsequent to the submittal of the Administration's Executive Budget on November 15, 2006. These items will be addressed by the Department of Public Health and Human Services during their presentation of Governor Schweitzer's budget to your subcommittee. As five of these items were not included in the original budget submittal, I would like to assure you that I have now reviewed the requests and approved them. Additionally, transmittal of this list will provide your staff with the opportunity and time, though limited, to evaluate and analyze these requests for the committee.

The specific items for which we are requesting action by the Legislature are:

1. Human & Community Services Division:

DP 20909 – Funding the base in IHSB Administration

(New)

Increase general fund in FY 2009 by \$19,663 and decrease federal funds by the same amount.

The base budget was not funded correctly for FY 2009 in the Low Income Energy Assistance Program. This funding switch between state general fund and federal funds grant of \$19,663 in FY 2009 will correct that mistake.

2. Human & Community Services Division

DP20020 – TANF Cash Benefit Increase

(Technical Adjustment)

Reduce federal authority in each fiscal year by \$1,213,501 to reflect a lower TANF caseload. The recommended standard benefit level (33% of the estimated 2007 federal poverty level) will not change.

3. Senior & Long Term Care Division

DP 22127 – Alzheimer Grant Continuation

Remove this decision package from the Governor's Proposed Budget for HB2.
(Technical Adjustment)

This decision package will be included in HB4.

4. Senior and Long Term Care:

Adjustment to base budget funding:

Montana Veterans Home (RL-22-02-37)

In the base budget, revise the state special revenue funding to increase funding in Third Party Reimbursement in FY 2008 by \$1,695,729 and in FY 2009 by \$1,705,161 and decrease by the same amount the Cigarette Tax Revenue for Montana Veterans Home base funding by the same amount.

5. Senior & Long Term Care Division

DP20910 – EMVH – VA Reimbursement

(New)

Increase federal authority in FY 2008 by \$174,309 and in FY 2009 by \$197,910. It is anticipated that the federal VA reimbursement at the Eastern Montana Veteran's Home will increase from the 2006 level of approximately \$65 per day to approximately \$68 per day in 2008 and \$70 per day in 2009.

Notification of the per diem rate change was received by the department on December 21, 2006.

6. Addictive & Mental Disorders Division

DP 33415 – Addition of 20 Service Slots to HCBS (SDMI) Waiver

(New)

Increase state special revenue funding (I-149 funds) by \$ 504,927 and federal match funds by \$ 1,101,073 over the biennium.

The Senior and Long Term Care Division (SLTC) has a Home and Community Based Services waiver that serves individuals with physical disabilities and seniors. It is estimated that 20 individuals on that waiver would be eligible and more appropriately served under the new waiver program for individuals with severe and disabling mental illness (HCBS/SDMI). We want to move those 20 individuals to the new SDMI waiver and to provide funding for their services. This would allow SLTC Division to take 20 individuals off their extensive waiting list and at the same time, provide new service slots so that the limited 105 slots for the SDMI waiver can go to individuals who require these services and currently do not have them.

7. Addictive & Mental Disorders Division

DP 33506 – Secure Treatment & Examination Program
(Technical Adjustment)

Adjust current program funding in FY 2009 from (\$352,063) in state special revenue (02691) and \$3,380,803 in general fund downward to (\$224,000) in state special revenue and \$3,252,740 in general fund. This action is necessary as the department determined that a portion of the reimbursement it receives from Corrections for buildings on the Warm Springs campus would remain intact.

8. Health Resources Division

DP 11017

(New)

Increase state special revenue in FY 2008 by \$1,389,441 and in FY 2009 by \$2,037,846 .

The Big Sky RX prescription drug discount program, established in SB324, did not expend any authority in FY 2006. As a result it was not in the base year budget. This program will need the authority to expend the expected revenues that will be received through this program. The revenues to support this program are derived from a state special revenue account that is made up of rebates from pharmaceutical manufacturers.

9. Health Resources Division

DP11016- Deficit Reduction Act Grant

(New)

Increase general fund in FY 2008 by \$301,381 and federal funds by the same amount.

The Children's Mental Health Bureau received a grant award from the federal Deficit Reduction Act (2005) to establish a demonstration program, which will allow the state to pursue a HCBS waiver, as an alternative to utilizing psychiatric residential treatment facilities (PRTF). The FY 2008 funding requirement will be \$301,381 general fund and the same amount in federal funds. This program will become cost neutral as it progresses. Notification of this grant was received by DPHHS on December 23, 2006.

10. Quality Assurance Division

DP 80011– Payment Error Rate Measurement (PERM)

(New)

This is a new request for \$322,158 total funds, \$115,295 general fund in FY 2008 and \$385,961 total funds, \$136,805 general funds for FY 2009 to implement the Centers for Medicare and Medicaid Services (CMS) Payment Error Rate Measurement (PERM) program in Montana. PERM is a new federal requirement for Medicaid and CHIP with which the state must comply. The states are to be reviewed every three years and Montana has been selected for participation in federal fiscal year 2008 (10/1/2007).

I have attached additional information for your staff and the subcommittee members to use in evaluating these technical adjustments and new requests for consideration in the Executive Budget.

Sincerely,

David Ewer, Director
Office of Budget and Program Planning

cc Joan Miles, Director DPHHS
 John Chappuis, Deputy Director, DPHHS
 Anna Whiting-Sorrell, Policy Advisor to Governor
 Clayton Schenck, Legislative Fiscal Analyst
 Scott Sim, Chief-Budget and Analysis
 Bob Andersen, OBPP
 Pat Sullivan, OBPP

Technical Adjustment

DP 20020 – TANF Cash Benefit Increase

This is a request to adjust the amount of yearly increase from \$2,228,983 to 1,127,896 as a result of a decreased caseload forecast. Caseload is expected to decrease from 3,877 to 3,642.

DP No:	DP 20909
Reporting level	6901-02-02-01
Expenditure account change:	None
Funding increase:	\$19,663 in fund 01100
Funding decrease:	- \$19,663 in fund 03572
DP Title	Funding the Base in IHSB Administration
DP Type	NP (because of funding swap)

Narrative: The base budget was not funded correctly for FY 2009. The executive is requesting a funding swap between state general fund and federal funds in the Low Income Energy Assistance Program grant of \$19,663 in FY 2009.

Two federal grants in this bureau require matching state general fund for all or part of their funding. Without the general fund match the federal funds cannot be spent. The authority for matching funds was inadvertently missing from the FY 2009 budget when it was funded. Restoring the general fund match will allow the department to spend the federal funds.

Technical Adjustment

Adjust base budget for the Montana Veterans Home (RL-22-02-37)

Third Party reimbursement will be used to fund the MVH and decrease the amount of Cigarette Tax revenue to be used for base funding.

<u>Current Budget:</u>	<u>Fund</u>	<u>Amount</u>	<u>Revised Budget:</u>	<u>Fund</u>	<u>Amount</u>
FY 200802023		2,248,132	FY 2008	02023	3,943,861
FY 200902023		2,293,231	FY 2009	02023	3,998,392
FY 200802260		3,640,044	FY 2008	02260	1,944,315
FY 2009	02260	3,621,788	FY 2009	02260	
1,916,127					

DP No:	DP 22910
Reporting level:	6901-22-02-39
Expenditure account change	62102
Funding increase:	\$174,309 in FY 2008; \$197,910 in FY 2009; Fund 03005
DP Title:	EMVH VA Reimbursement
DP Type:	PL

Narrative:

The anticipated increase in federal VA reimbursement was not included in the original budget request in the funding for the 2009 biennium. It is anticipated that the reimbursement will increase from the 2006 level of approximately \$65 per day to approximately \$68 per day in FY 2008 and \$70 per day in FY 2009.

NarrType

Mode

Version

Program

6901-33-00-00-00-00

DPTYPE

NP

DPNumber

33415

Description

Additional 20 Service Slots to HCBS (SDMI) Waiver

Narrative

The 2005 legislature accepted the executive proposal to implement a home and community-based services Medicaid waiver for adults with severe disabling mental illness, similar to the waivers already administered for elderly, physically disabled and developmentally disabled adults. This request adds 20 waiver slots to the existing request for annualization of 105 slots, as shown in DP 33414. This would increase the total number of available HCBS service slots to 125 in FY 2008 and 125 service slots in FY 2009 at a daily rate of \$110 per day. This budget request is funded with tobacco tax (I-149 funding). This is a budget request for \$803,000 total funds over the biennium including \$550,135 in state special revenue funds.

Justification: Medicaid eligible individuals with severe and disabling mental illness (who meet nursing facility level of care and reside in one of the three geographic areas in the state where the HCBS waiver program is authorized) have the opportunity to choose to receive their care in the HCBS waiver program or a nursing facility. The Senior and Long Term Care Division has served individuals with Severe and Disabling Mental Illness on it's Physically Disabled and Elderly HCBS waiver for many years. It is estimated that 20 individuals currently on that waiver would be eligible for the new HCBS waiver for individuals with Severe and Disabling Mental Illness (SDMI).

The SDMI waiver has services that will more specifically meet the mental health needs of these 20 individuals. This new waiver has only 105 service slots that were intended to provide a new level of service to people who, without this waiver, would require nursing

facility level of care. If 20 of the new 105 slots are filled with individuals transferring from the Senior and Long Term Care Division waiver, then we will have decreased the capacity of the new waiver to serve individuals who need but cannot access this new program. Senior and Long Term Care Division has a waiting list of over 500 individuals for their waiver so are not in a position to transfer service dollars/slots to the new SDMI waiver to continue services to that group.

Goal: The goal of the HCBS waiver program for adults with severe disabling mental illness is to provide a choice of receiving long term care services in a community setting as an alternative to receiving long term care services in a nursing facility. The objective of the HCBS waiver program is rehabilitation and recovery, while encouraging the consumer to accept personal responsibility for services and desired outcomes.

The goal of this new request is to add 20 service slots to the SDMI waiver to fund a transfer of mentally ill individuals from the Senior and Long Term Care Division waiver program to the new SDMI waiver.

Performance Criteria: There will be a Quality Management process to collect and review data gathered from providers and the consumers enrolled in the waiver. This will ensure that quality assurances are met. Recovery markers have been established as performance/outcome indicators and include the domains of Employment; Level of Symptom Interferences; Housing; Substance Abuse (stages of change and level of use). Each domain contains items that will be scored and submitted quarterly through a secure web based application by case managers. All reports will contain only summarized data to ensure consumer confidentiality.

Milestones: Major milestones will include:

- Enroll Medicaid eligible individuals with severe disabling mental illness into the HCBS waiver program beginning in January, 2007
- Complete surveys of those individuals enrolled in the first year of the waiver to monitor and gauge success by December 2007
- Begin the evaluation process to determine if there are other geographic areas in the state where the HCBS waiver program may be implemented

FTE: No FTE are requested with this decision package.

Funding: This is funded with tobacco tax.

Obstacles: The following obstacles may be encountered:

- There may be more individuals with severe disabling mental illness (who meet nursing facility level of care and reside in one of the three geographical locations where the waiver is authorized) who want to choose waiver services, but the program may be at capacity
- The HCBS waiver for adults with severe disabling mental illness is not available statewide

Risk: This proposal offers an alternative to nursing facility placement and focuses on rehabilitation and recovery for individuals enrolled in the HCBS waiver program. Without the HCBS waiver, individuals with severe disabling mental illness who meet nursing facility level of care will enter or remain in nursing facilities.

The department is requesting a funding adjustment for decision package **33506 Secure Treatment and Examination Program(STEP)**. The current budget proposal reflects FY09 funding of \$3,380,803 General Fund and (\$352,063) in State Special Revenue fund(02691). The department requests an amendment to the budget that funds this proposal utilizing \$3,252,740 of general fund and (\$224,000) of state special revenue funds. This results in a decrease in general fund support in the amount of \$128,063. This action is necessary as the department determined that a portion of the reimbursement it receives from Corrections for various buildings on the Warm Springs campus would remain intact.

FY 09

EXPENDITURES	MBARS/ NEW PROPOSAL 33506	MSH Current BUDGET ALLOCATION	GRAND TOTAL
FTE	41.69	44.25	85.94
Personal Services	2,287,930	2,437,627	4,725,557
Operating Construction- General	674,810	725,574	1,400,384
Debt Service	66,000		66,000
<i>Grand Total</i>	3,028,740	3,163,201	6,191,941
FUNDING			
General Fund	3,252,740	3,163,201	6,415,941
SSR--02691	(224,000)		(224,000)
<i>Grand Total</i>	3,028,740	3,163,201	6,191,941

****MBARS currently shows (\$352,063) in SSR and \$3,380,803 in general fund. MBARS funding should be adjusted downward to reflect \$3,252,740 in General Fund and \$224,000 in SSR funds.**